


DOMINE MINES LIMITED

Report to Shareholders

For the Financial Year Ended December 31

1976



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DOMINE MINES LIMITED

Report to Shareholders

For the Financial Year Ended December 31

1976

ANNUAL MEETING OF SHAREHOLDERS

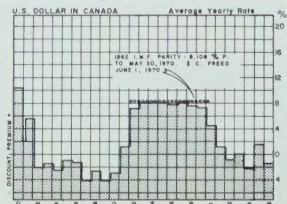
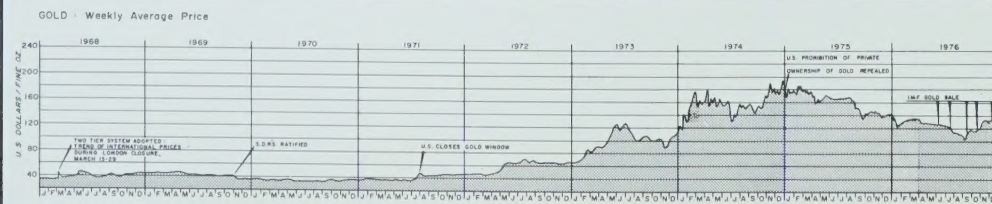
will be held
at 11:00 o'clock a.m. (Toronto time)
Monday, April 25, 1977,
Library, Royal York Hotel,
TORONTO, ONTARIO



LONDON ; Second FIXING
IN U.S. DOLLARS

1976 DAILY GOLD PRICE

DOME MINES LIMITED



DOMINE MINES LIMITED

(Incorporated under the laws of Canada)

LOCATION OF MINE

South Porcupine, Ont.
P0N 1H0

EXECUTIVE OFFICE

365 Bay Street, Suite 600, Toronto, Ont. M5H 2V9

EXPLORATION DEPARTMENT

G. S. Wallace Bruce, Vice-President Exploration
365 Bay Street, Suite 600, Toronto, Ont. M5H 2V9

ADDRESS OF THE SECRETARY

Box 30, Toronto-Dominion Centre, Toronto, Ont. M5K 1C1

REGISTRARS

Canada Permanent Trust Company, 320 Bay Street, Toronto, Ont. M5H 2P6
Bankers Trust Company, 16 Wall Street, New York, N.Y. 10015

TRANSFER AGENTS

Crown Trust Company, 302 Bay Street, Toronto, Ont. M5H 2P4
The Bank of New York, 48 Wall Street, New York, N.Y. 10015

AUDITORS

Clarkson, Gordon & Co. — Toronto, Ont. M5K 1J7

GENERAL COUNSEL

Fasken & Calvin
Box 30, Toronto-Dominion Centre, Toronto, Ont. M5K 1C1

DIRECTORS

G. Alexander Adamson	Toronto, Ont.
Fraser M. Fell	Toronto, Ont.
John P. Gallagher	Calgary, Alta.
* William F. James	Toronto, Ont.
* Allen T. Lambert	Toronto, Ont.
A. Bruce Matthews	Toronto, Ont.
* John K. McCausland	Willowdale, Ont.
Clifford L. Michel	New York, N.Y.
F. Warren Pershing	New York, N.Y.
James B. Redpath	Toronto, Ont.
Malcolm A. Taschereau	Toronto, Ont.
*Members of the Audit Committee.	

OFFICERS

A. Bruce Matthews
Chairman of the Board

James B. Redpath
President

Malcolm A. Taschereau
Senior Vice-President

Fraser M. Fell
Secretary

Edmund J. Andrecheck
Treasurer

G. S. Wallace Bruce
Vice-President Exploration

Harry V. Pyke
Manager

Robert J. Perry
General Superintendent

It is recorded here that it is the intention of the present management to solicit proxies. The form of proxy and the information circular will accompany the Notice of Annual Meeting which is being mailed to all shareholders.

COMPARATIVE CONSOLIDATED FINANCIAL SUMMARY

	1976	1975
Bullion Revenue	\$46,716,000	\$59,014,000
Operating Costs	\$32,414,000	\$29,817,000
Operating Profit	\$14,302,000	\$29,197,000
Exploration Expenses	\$ 1,722,000	\$ 1,588,000
Taxes (Provincial and Federal)	\$ 8,498,000	\$15,519,000
Net Income	\$18,460,000	\$19,413,000
Net Income per share	\$3.06	\$3.32
Working Capital — December 31	\$50,039,000	\$53,335,000
Dividends Declared	\$ 5,032,000	\$ 5,256,000
Dividends declared per share	\$0.80	\$0.90
Shares Issued	6,440,004	5,840,004
Number of Shareholders — December 31	7,444	7,938

REPORT OF THE DIRECTORS
of
DOME MINES LIMITED
(For the Financial Year Ended December 31, 1976)

Toronto, Ontario,
March 25, 1977.

To the Shareholders of
Dome Mines Limited:

On behalf of your Directors, the undersigned are pleased to submit their joint report covering the financial year ended December 31, 1976. Included are the balance sheet and statements of income, retained earnings and changes in financial position which consolidate your Company's interests in its subsidiaries, Campbell Red Lake Mines Limited, Sigma Mines (Quebec) Limited, and your Company's consolidated equity in the earnings of its affiliate, Dome Petroleum Limited, together with the Report of the Auditors thereon.

Consolidated net income aggregated \$18,460,000 or \$3.06 per share, as compared with \$19,413,000 or \$3.32 per share in 1975, and from this net income your Company declared dividends of 80¢ per share as compared to 90¢ during the year 1975.

Though the gross production of 379,398 ounces of gold showed a small increase from the 374,993 ounces produced in 1975, consolidated bullion revenue was sharply reduced to \$46,716,000 from \$59,014,000 in 1975 as a result of a lower average gold price. Bullion revenue per ounce of gold produced during the year averaged \$123.13 as compared to \$157.37 in 1975. In order to maintain the viability of the mining operations at Dome and Sigma during this period of low gold prices, cost-saving measures, including the temporary suspension of a large percentage of mine development, were introduced. Full scale development will be resumed with indicated stability of higher gold price levels.

Operations at South Porcupine are fully covered in the Report of the Manager commencing on page fifteen of this report and summaries of the operations of the subsidiary companies, Campbell Red Lake Mines Limited and Sigma Mines (Quebec) Limited are included on page fourteen.

The lower earnings from mining operations were partially offset by a larger equity in the increased earnings of Dome Petroleum Limited. This associated company again in 1976 had a most successful year with net income of \$55,254,000. In May 1976, your Company concluded a share exchange agreement with Dome Petroleum Limited by which 600,000 shares of Dome Mines were issued in exchange for 700,000 shares of Dome Petroleum. As a result, your Company and its subsidiaries now hold a total of 3,150,000 shares or 26% of the issued shares of Dome Petroleum Limited. These shares had a value of \$127,968,000 based on the 1976 closing bid price on The Toronto Stock Exchange.

The consolidated working capital position stands at \$50,039,000. This strong position is \$3,296,000 less than a year ago reflecting increases in investments and capital expenditures.

The mineral exploration program conducted by Dome Exploration (Canada) Limited on behalf of the subsidiaries, Campbell and Sigma and affiliate, Dome Petroleum was continued at the same level as in 1975. Details are covered on page twenty of this report.

Dividends totalling \$1,000,000 were received from Mattagami Lake Mines Limited. Your Company owns approximately 7½% of the outstanding shares of this company. Earnings of Mattagami and of its 60% owned subsidiary, Mattabi Mines Limited were adversely affected by a continued surplus of copper and zinc on world markets though prices were somewhat improved over the previous year.

At Canada Tungsten Mining Corporation Limited, higher sale prices and improved mill recoveries and mine productivity combined to provide sharply increased earnings of \$1.35 per share compared to 17.2¢ per share earned in 1975. Notwithstanding heavy capital expenditures, an interim dividend was declared in September, the first since 1972.

The year 1976 opened with the price of gold on the free world markets at approximately \$140 per ounce in U.S. funds. A gradual decline which had set in following the December 30, 1974 high of \$197.50, continued during all of 1975 and the first eight months of 1976, reaching a low of \$103.05 per ounce at the morning price fixing of August 31st on the London Gold Exchange. U.S. Treasury sales in early and mid-1975, the announcement in September 1975 of the plans of the International Monetary Fund to sell by auction a portion of its gold reserves over a four-year period, and the actual commencement of these sales on June 2, 1976, all had their effect on the gold price. Uncertainty as to the absorption of this gold in addition to current production soon proved unfounded, as bids at the I.M.F. auctions far exceeded the amounts being tendered. Though the results of the first two auctions appeared to have a depressing effect on free market prices, the subsequent auctions on September 15th, October 27th and December 8th clearly had little or no effect as the price of gold gradually increased and closed out the year at \$134.50 per ounce. World inflationary trends continue with the accompanying problems of international liquidity. Erosion in the values of paper currencies, such as occurred again during 1976, enhance the perception of gold as a storehouse of value and a hedge against inflation.

Your Directors take this opportunity to record their appreciation for the effective efforts of management and staffs at the various operations throughout the year.

Respectfully submitted,

On behalf of the Board,

A. BRUCE MATTHEWS,
Chairman.

JAMES B. REDPATH,
President.

Dome Mines Limited

ACCOUNTING POLICIES DECEMBER 31, 1976 and 1975

The following is a summary of the principal accounting policies of the company. These policies are in conformity with generally accepted accounting principles in Canada and are also, in all material respects, in conformity with those generally accepted in the United States.

A. Basis of consolidation

The consolidated financial statements include the accounts of all the subsidiary companies, Dome Exploration (Canada) Limited (wholly-owned), Campbell Red Lake Mines Limited (57% owned) and Sigma Mines (Quebec) Limited (63% owned).

B. Basis of accounting for Dome Petroleum Limited

The investment in Dome Petroleum Limited is accounted for on the equity method whereby the company's investment is carried at cost plus its share of undistributed earnings since acquisition. The excess of the cost of this investment over the underlying book value at the various dates of acquisition is attributable to Dome Petroleum's oil and gas reserves, and is being amortized to income by reference to annual production in relation to the estimated recoverable reserves.

Since Dome Mines owns 26% (3,150,000 shares) of Dome Petroleum and Dome Petroleum owns 29.5% (1,900,000 shares) of Dome Mines, these reciprocal shareholdings result in the company having a 7.7% interest in its own shares. The investment account (and shareholders' equity) is therefore reduced by the allocated portion of the cost which represents this pro rata interest in Dome Mines' shares held by Dome Petroleum, and the equity in earnings of Dome Petroleum reflected in the consolidated statement of income is based on the earnings of Dome Petroleum excluding the latter's share of earnings of Dome Mines.

C. Valuation of inventories

Bullion on hand and in transit is valued at its estimated net realizable value. The method used in estimating net realizable value is

- to value bullion sold to the date the estimate is made at actual net realized value, and
- to value unsold bullion on this date at 85% of the closing London price.

Mining and milling supplies are valued at cost determined on an average cost basis.

D. Valuation of investments

Except for the investment in Dome Petroleum Limited (B above) marketable securities and other investments with a quoted market value are valued at cost. All other investments are carried at cost except for Panarctic Oils Ltd. (acquired for development work) which has, since January 1, 1973, been carried at the amount expended since that date (with deferred income taxes arising as a result of writing these expenditures off for income tax purposes included as a deferred credit).

E. Valuation of capital assets

- (i) Buildings, machinery and equipment are shown at cost. Mining claims and properties are at cost less amounts written off.
- (ii) Upon sale or retirement, the cost of capital assets and the related depreciation or amortization are removed from the accounts and any gain or loss is taken into income.
- (iii) Repairs and maintenance are charged to operations; major betterments and replacements are capitalized.

F. Depreciation and amortization

- (i) Depreciation on buildings, machinery and equipment is provided at the rate of 15% per annum on the straight-line method.
- (ii) Mining claims and properties are being amortized at the rate of 15% per annum on the straight-line method.

G. Mine development and exploration expenditures

All mine development, shaft sinking, and exploration expenditures are charged against income as incurred.

H. Income and mining taxes

The companies follow the tax allocation method of accounting. Under this method, timing differences between the amount of income reported for tax purposes and the amount of accounting income (which arise principally as a result of claiming depreciation and exploration at rates differing from those recorded in the accounts), result in provisions for deferred taxes and these are segregated in the deferred income and mining tax account at the year-end.

Dome Mines Limited

CONSOLIDATED STATEMENT OF INCOME YEARS ENDED DECEMBER 31, 1976 AND 1975

	1976	1975
Bullion revenue	\$46,716,000	\$59,014,000
Operating costs:		
Development	3,623,000	3,821,000
Mining	17,903,000	16,490,000
Milling	5,968,000	5,235,000
Refining and marketing	421,000	447,000
General and administrative	2,834,000	2,331,000
Taxes other than income and mining	403,000	340,000
Depreciation and amortization	1,262,000	1,153,000
	<u>32,414,000</u>	<u>29,817,000</u>
Operating profit	14,302,000	29,197,000
Other income:		
Dividends	1,425,000	1,550,000
Interest and miscellaneous income	3,673,000	3,127,000
	<u>19,400,000</u>	<u>33,874,000</u>
Outside exploration expenditures	1,722,000	1,588,000
Income before taxes and other items	<u>17,678,000</u>	<u>32,286,000</u>
Income and mining taxes (note 2):		
Federal income tax	4,488,000	7,912,000
Provincial income taxes	1,451,000	2,621,000
Provincial mining taxes	2,559,000	4,986,000
	<u>8,498,000</u>	<u>15,519,000</u>
Income after taxes, before other items	9,180,000	16,767,000
Equity in earnings of Dome Petroleum Limited (note 3)	12,843,000	8,451,000
Minority interest in net income of subsidiary companies	(3,563,000)	(5,805,000)
Net income for the year	<u>\$18,460,000</u>	<u>\$19,413,000</u>
Net income per share (note 5)	<u>\$3.06</u>	<u>\$3.32</u>

(See accompanying notes to consolidated financial statements)

CONSOLIDATED BALANCE SHEET

ASSETS

	<u>1976</u>	<u>1975</u>
Current assets:		
Cash, including bank term deposits	\$ 18,245,000	\$ 18,013,000
Bullion (note 4)	7,451,000	8,292,000
Short-term commercial paper, at cost	19,031,000	25,359,000
Marketable securities (schedule attached)	7,277,000	6,372,000
Sundry receivables	1,437,000	1,243,000
Mining and milling supplies	4,565,000	4,541,000
	<u>58,006,000</u>	<u>63,820,000</u>
Investments:		
Dome Petroleum Limited (note 3)	67,343,000	47,826,000
Other (schedule attached)	7,810,000	5,265,000
	<u>75,153,000</u>	<u>53,091,000</u>
Capital assets:		
Buildings, machinery and equipment	25,668,000	24,723,000
Less accumulated depreciation	21,026,000	19,950,000
	4,642,000	4,773,000
Mining claims and properties	411,000	522,000
	<u>5,053,000</u>	<u>5,295,000</u>
	<u>\$138,212,000</u>	<u>\$122,206,000</u>

(See accompanying notes)

AUDITOR

To the Shareholders of
Dome Mines Limited:

We have examined the consolidated balance sheet of Dome Mines Limited as at December 31, 1976 and 1975 and the consolidated statements of income, retained earnings and changes in financial position for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

LIMITED

(Canada Corporations Act)

DECEMBER 31, 1976 AND 1975

LIABILITIES AND SHAREHOLDERS' EQUITY

	1976	1975
Current liabilities:		
Salaries and wages payable	\$ 1,100,000	\$ 1,095,000
Accounts payable	1,105,000	1,160,000
Accrued charges	515,000	581,000
Accrued taxes (note 2)	2,809,000	5,198,000
Dividends payable	2,438,000	2,451,000
	<u>7,967,000</u>	<u>10,485,000</u>
Deferred income and mining taxes	738,000	522,000
Minority interest in subsidiary companies	<u>18,403,000</u>	<u>18,176,000</u>
Shareholders' equity:		
Capital —		
Authorized:		
10,000,000 shares of no nominal or par value		
Issued: (note 5)		
6,440,004; 1975 — 5,840,004 shares	31,000,000	7,000,000
Contributed surplus	3,606,000	3,606,000
Retained earnings	<u>95,845,000</u>	<u>82,417,000</u>
	130,451,000	93,023,000
Less Dome Mines' pro rata interest (484,389 shares) in its shares held by		
Dome Petroleum	<u>19,347,000</u>	<u>—</u>
On behalf of the Board:	<u>111,104,000</u>	<u>93,023,000</u>
J. B. REDPATH, Director	<u>\$138,212,000</u>	<u>\$122,206,000</u>
F. M. FELL, Director		

consolidated financial statements)

PORT

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1976 and 1975 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles applied on a consistent basis during the period.

Toronto, Canada,
March 24, 1977.

CLARKSON, GORDON & CO.
Chartered Accountants

Dome Mines Limited

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION YEARS ENDED DECEMBER 31, 1976 AND 1975

	1976	1975
Source of working capital:		
Operations —		
Net income for the year	\$ 18,460,000	\$ 19,413,000
Items not affecting working capital:		
Depreciation and amortization	1,262,000	1,153,000
Increase in deferred income taxes	216,000	164,000
Equity in undistributed earnings of Dome Petroleum Limited (note 3)	(12,843,000)	(8,451,000)
Minority interest in income of subsidiaries less dividends paid	227,000	3,437,000
Total	<u>7,322,000</u>	<u>15,716,000</u>
Disposition of working capital:		
Acquisition of shares of Dome Petroleum Limited —		
Pursuant to Share Exchange Agreement including costs of \$193,000 (note 5)	24,193,000	
Less consideration for shares issued	<u>24,000,000</u>	
	193,000	
For cash	<u>1,828,000</u>	
Total for shares acquired	<u>2,021,000</u>	
Dividends	5,032,000	5,256,000
Expenditures on capital assets	1,020,000	1,959,000
Purchase of other investments	<u>2,545,000</u>	<u>596,000</u>
Total	<u>10,618,000</u>	<u>7,811,000</u>
Net increase (decrease) in working capital for the year	<u>\$ (3,296,000)</u>	<u>\$ 7,905,000</u>
Changes in components of working capital:		
Increase (decrease) in current assets —		
Cash and bank term deposits	\$ 232,000	\$ 1,712,000
Bullion	(841,000)	(1,733,000)
Short-term commercial paper	(6,328,000)	2,121,000
Marketable securities	905,000	198,000
Sundry receivables	194,000	(140,000)
Mining and milling supplies	<u>24,000</u>	<u>373,000</u>
	<u>(5,814,000)</u>	<u>2,531,000</u>
Increase (decrease) in current liabilities —		
Salaries and wages payable	5,000	211,000
Accounts payable	(55,000)	(64,000)
Accrued charges	(66,000)	117,000
Accrued taxes	(2,389,000)	(3,610,000)
Dividends payable	<u>(13,000)</u>	<u>(2,028,000)</u>
	<u>(2,518,000)</u>	<u>(5,374,000)</u>
Net increase (decrease) in working capital for the year	<u>(3,296,000)</u>	<u>7,905,000</u>
Working capital, beginning of the year	<u>53,335,000</u>	<u>45,430,000</u>
Working capital, end of the year	<u>\$ 50,039,000</u>	<u>\$ 53,335,000</u>

(See accompanying notes to consolidated financial statements)

Dome Mines Limited

CONSOLIDATED SCHEDULE OF MARKETABLE SECURITIES AND OTHER INVESTMENTS DECEMBER 31, 1976 AND 1975

	1976		1975	
	Book value	Market value	Book value	Market value
Marketable securities:				
Government and government guaranteed short-term securities	\$ 2,176,000	\$ 2,175,000	\$ 2,177,000	\$ 2,108,000
Corporate bonds	2,005,000	2,021,000	1,099,000	1,048,000
Common shares	3,096,000	6,127,000	3,096,000	4,386,000
	<u>\$ 7,277,000</u>	<u>\$10,323,000</u>	<u>\$ 6,372,000</u>	<u>\$ 7,542,000</u>
Other investments:				
With a quoted market value —				
Canada Tungsten Mining Corporation Limited:				
Shares (1976 — 945,912				
1975 — 937,805)	\$ 616,000	\$ 5,439,000	\$ 593,000	\$ 2,626,000
Mattagami Lake Mines Limited:				
Shares (1976 — 1,000,000;				
1975 — 1,000,000)	3,573,000	13,125,000	3,573,000	14,625,000
The Yukon Consolidated Gold Corporation Limited:				
Shares (1976 — 1,123,000) .	1,774,000	1,853,000	—	—
With no quoted market value —				
Panarctic Oils Ltd.:				
Common shares, no par value				
(1976 — 556,742;				
1975 — 518,322)	1,314,000		904,000	
Sundry	533,000		195,000	
	<u>\$ 7,810,000</u>		<u>\$ 5,265,000</u>	

(See accompanying notes to consolidated financial statements)

Dome Mines Limited

CONSOLIDATED STATEMENT OF RETAINED EARNINGS YEARS ENDED DECEMBER 31, 1976 AND 1975

	1976	1975
Balance, beginning of the year	\$ 82,417,000	\$68,260,000
Net income for the year	18,460,000	19,413,000
	100,877,000	87,673,000
Deduct dividends (1976 — \$0.80 per share; 1975 — \$0.90 per share)	5,032,000	5,256,000
Balance, end of the year	\$ 95,845,000	\$82,417,000

(See accompanying notes to consolidated financial statements)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 1976 AND 1975

1. Accounting policies

Principal accounting policies —

The principal accounting policies followed by the company and its subsidiaries are summarized under the caption "Accounting Policies".

2. Income and mining taxes

(a) The provision for income and mining taxes consists of:

	1976		1975	
	Current	Deferred	Current	Deferred
Federal income tax	\$4,327,000	\$161,000	\$ 7,798,000	\$114,000
Provincial income taxes	1,396,000	55,000	2,571,000	50,000
Provincial mining taxes and duties	2,559,000	—	4,986,000	—
	<u>\$8,282,000</u>	<u>\$216,000</u>	<u>\$15,355,000</u>	<u>\$164,000</u>

(b) Income and mining taxes for 1976 are provided at a combined federal and provincial effective rate of 48.1%, an increase of .1% over 1975.

The difference between the combined federal and provincial basic statutory rates and that used in calculating the provision for income and mining taxes, is made up as follows:

	1976	1975
Income taxes:		
Basic statutory rate (combined)	48.0%	52.0%
Less:		
Resource allowance	7.5	—
Depletion	3.7	4.0
Exempt income*	3.2	2.5
Resource tax abatement	—	12.3
Sundry	—	.6
	<u>14.4</u>	<u>19.4</u>
Effective rate	33.6	32.6
Mining taxes:		
Average rate	14.5	15.4
Total income and mining tax rate used	<u>48.1%</u>	<u>48.0%</u>

*Principally dividends from Canadian corporations.

3. Summary of investment in Dome Petroleum

	1976	1975
Number of shares	3,150,000	2,400,000
Market value (which is not necessarily indicative of realizable value)	<u>\$ 127,968,000</u>	<u>\$ 82,200,000</u>
Carrying value:		
Cost of acquisition	\$ 46,372,000	\$ 20,351,000
Equity in undistributed earnings	<u>40,318,000</u>	<u>27,475,000</u>
	86,690,000	47,826,000
Less Dome Mines' pro rata interest in its shares held by Dome Petroleum	<u>19,347,000</u>	<u>—</u>
	<u>\$ 67,343,000</u>	<u>\$ 47,826,000</u>

The unamortized excess of cost of investment over the underlying book value at the various dates of acquisition was: 1976 — \$17,853,000; 1975 — \$8,853,000.

Note: The 1976 financial statements of Dome Petroleum Limited refer to a claim that it has filed in the Federal Court of Canada against Hunt International Petroleum Company of Canada (a partnership consisting of Messrs. N. Bunker Hunt, W. Herbert Hunt and Lamar Hunt) for recovery of amounts owing for drilling services, of which approximately \$19,000,000 is included in accounts receivable in such financial statements. Counsel for Dome Petroleum is of the opinion that the amount claimed is properly due and owing by Hunt International.

4. Bullion

Bullion on hand and in transit is valued at the net estimated realizable value at the year-end (1976 — \$124 per ounce; 1975 — \$126 per ounce).

5. Share capital and earnings per share

Pursuant to the Share Exchange Agreement of May 10, 1976 Dome Mines issued 600,000 shares to Dome Petroleum in consideration for the issue by Dome Petroleum to Dome Mines of 700,000 common shares of Dome Petroleum, in each case representing an exchange value of \$24,000,000. Earnings per share are calculated by using the weighted average number of shares outstanding after deducting the company's pro-rata interest in its own shares held by Dome Petroleum.

6. Directors and officers

The aggregate remuneration of the directors and officer of Dome Mines Limited as defined in Section 122.2 of the Canada Corporations Act was as follows:

	1976	1975
To the eleven directors (ten in 1975), as directors	\$ 30,000	\$ 25,000
To the twelve officers (eleven in 1975), five of whom are also directors (four in 1975), as officers	339,000*	291,000*

* Includes \$91,000 (\$77,000 in 1975) received by the officers from the wholly and partially-owned subsidiaries.

7. Anti-Inflation Program

Under the federal government's anti-inflation program (presently scheduled to be in force until December 31, 1978) the company is subject to mandatory compliance with controls on profits, employee compensation and dividends. Dividends during the year ending October 13, 1977 may not exceed \$1.02 per share. Management is of the opinion that the company is in compliance with the requirements of the anti-inflation legislation.

Dome Mines Limited

SCHEDULE OF SUPPLEMENTARY INFORMATION

(in thousands, except per share data)

	December 31, 1976				December 31, 1975			
	Dome Mines Limited	Campbell Red Lake Mines Limited	Sigma Mines (Quebec) Limited	Consolidated Dome Mines Limited	Dome Mines Limited	Campbell Red Lake Mines Limited	Sigma Mines (Quebec) Limited	Consolidated Dome Mines Limited
Dome Mines' ownership		57%	63%			57%	63%	
Bullion revenue	\$14,613	\$22,870	\$ 9,233	\$46,716	\$18,243	\$29,467	\$11,304	\$59,014
Operating expenses –								
Operating costs	13,982	8,679	8,491	31,152	13,833	7,410	7,421	28,664
Provision for depreciation and amortization	362	796	104	1,262	367	673	113	1,153
	14,344	9,475	8,595	32,414	14,200	8,083	7,534	29,817
Operating profit	269	13,395	638	14,302	4,043	21,384	3,770	29,197
Other income	2,209	2,474	415	5,098	2,471	1,847	359	4,677
	2,478	15,869	1,053	19,400	6,514	23,231	4,129	33,874
Outside exploration expenses	940	654	128	1,722	931	530	127	1,588
	1,538	15,215	925	17,678	5,583	22,701	4,002	32,286
Provision for income and mining taxes –								
Federal income tax	107	4,153	228	4,488	1,059	5,820	1,033	7,912
Provincial income taxes	43	1,324	84	1,451	386	1,910	325	2,621
Provincial mining taxes		2,535	24	2,559	615	3,910	461	4,986
	150	8,012	336	8,498	2,060	11,640	1,819	15,519
	1,388	7,203	589	9,180	3,523	11,061	2,183	16,767
Equity in earnings of Dome Petroleum Limited	12,287	370	186	12,843	7,992	305	154	8,451
Net income	13,675	7,573	775	22,023	11,515	11,366	2,337	25,218
Minority interest in net income of subsidiaries		(3,269)	(294)	(3,563)		(4,926)	(879)	(5,805)
Equity of Dome Mines in net income	<u>\$13,675</u>	<u>\$ 4,304</u>	<u>\$ 481</u>	<u>\$18,460</u>	<u>\$11,515</u>	<u>\$ 6,440</u>	<u>\$ 1,458</u>	<u>\$19,413</u>
Amount per share of Dome Mines Limited	<u>\$ 2.27</u>	<u>\$ 0.71</u>	<u>\$ 0.08</u>	<u>\$ 3.06</u>	<u>\$ 1.97</u>	<u>\$ 1.10</u>	<u>\$ 0.25</u>	<u>\$ 3.32</u>
Working capital:								
Current assets	\$18,273	\$33,852	\$ 7,740	\$58,006	\$21,849	\$33,997	\$ 7,974	\$63,820
Current liabilities	2,336	6,484	1,006	7,967	3,815	5,768	902	10,485
	<u>\$15,937</u>	<u>\$27,368</u>	<u>\$ 6,734</u>	<u>\$50,039</u>	<u>\$18,034</u>	<u>\$28,229</u>	<u>\$ 7,072</u>	<u>\$53,335</u>
Production:								
Tons milled	708	301	499		708	300	497	
Gold-fine ounces	120	185	75		117	185	73	

REPORT OF THE MANAGER
of
Dome Mines Limited
on
OPERATIONS AT SOUTH PORCUPINE, ONTARIO

To the Chairman of the Board, President and Directors:

I submit for your consideration this report on the operations of your Company for the year 1976.

During the year 708,300 tons of ore were treated in the mill. In the course of mining operations 21,600 tons of waste rock were excavated, most of which was used as backfill, road maintenance or placed on surface stock piles.

The 708,300 tons of ore milled yielded 119,504 ounces of gold, the yield being 0.1687 ounces or 3.37 dwt. per ton.

All grades of ore will be expressed in pennyweights (dwt.) throughout this report. One pennyweight equals one-twentieth (1/20th) of an ounce Troy weight. All production was sold on the free market. The price of gold in Canadian dollars varied from a high of \$142.65 per ounce in January to a low of \$101.97 per ounce in August; the yearly average price received for gold sold was \$122.07 (Canadian) per ounce. This compares with the average price per ounce of \$161.93 received in 1975.

COSTS:

The expenditure on development was \$1,097,816 or \$1.55 per ton as compared with \$1,532,498 or \$2.17 per ton milled in 1975.

The expenditure on mining was \$8,943,669 or \$12.63 per ton as compared with \$8,789,118 or \$12.42 per ton milled in 1975.

The total operating charges for the year were \$13,982,124 or \$19.74 per ton as compared with \$13,833,717 or \$19.54 per ton milled in 1975.

The operating cost per ounce of gold produced was \$117.00 as compared with \$118.15 in 1975.

DEVELOPMENT:

SUMMARY OF DEVELOPMENT FOOTAGE BY LEVELS FOR THE YEAR 1976

Level	Drifts	Crosscuts	Drift and Crosscut Slab	Raises	Boxholes	Raise and Boxhole Slab	Totals	Diamond Drilling (Exploration and Direction of Mining)
Surface								
1st								1,609
3rd								
5th								
6th								
7th	298		16				314	1,298
8th				148		12	160	1,609
9th				586		60	646	1,203
10th	89	122	18		94	46	369	6,366
11th			18		160	10	188	2,778
12th	70		4	295		13	382	3,667
13th	532	104	19	66		22	743	12,465
14th			14			65	79	
15th	266		14				280	6,791
16th	154		21	118		8	301	1,828
17th		29	21	221		39	310	
18th		8	4	93			105	1,126
19th						6	6	
20th				34		5	39	2,146
21st	143		3	217		20	383	
22nd	117		22				139	589
23rd								
24th	7		2	37	86	28	160	5,415
25th				246		8	254	2,366
26th	304		10	191		31	536	2,169
27th	133		2				135	1,672
TOTALS	2,113	263	188	2,252	340	373	5,529	55,097

DOME MINES LIMITED

Development work amounted to 5,529 feet as compared with 8,610 feet in the previous year. The normal complement of three drift crews, three raise crews and six diamond drillers was curtailed in mid-year to one, one and three respectively, followed in August by a discontinuance of level development for the rest of the year.

There was no development below the 27th level; development below the 16th level was 2,368 feet as compared with 4,685 feet in the previous year.

Diamond drilling amounted to 55,097 feet of underground core diamond drilling which compared with 68,263 feet in the previous year, reflecting the reduction in the number of crews in the last half of the year.

MINING:

The 708,300 tons of ore milled during the year were produced as follows:

	Tons	Average Grade Dwt. per Ton
From stopes	698,200	3.50
From development	10,100	2.14
	<u>708,300</u>	<u>3.48</u>

The following tabulation is presented to indicate the sections of the mine from which the ore came:

Source of Ore	Tons	Average Grade Dwt. per Ton	
8th level to surface, No. 3 shaft	12,316	7.20	Dev. & Stope Ore
9th level to 16th level, No. 3 shaft	379,984	3.56	Dev. & Stope Ore
Area serviced by No. 6 internal shaft	316,000	3.24	Dev. & Stope Ore
Total Mine	<u>708,300</u>	<u>3.48</u>	Dev. & Stope Ore
Ore from Ankerite veins	<u>33,511</u>	<u>3.35</u>	Dev. & Stope Ore
(included in the above)			

ORE RESERVES:

Ore reserves at the close of the year were estimated at 1,890,000 tons with an average grade of 4.54 dwt. as compared with 1,933,000 tons with an average grade of 4.52 dwt. for 1975 and 1,871,000 tons with an average grade of 4.81 dwt. for 1974.

	Tons — 1976	Tons — 1975	Tons — 1974
Unbroken ore	1,771,000	1,754,000	1,743,000
Broken ore	119,000	179,000	128,000
	<u>1,890,000</u>	<u>1,933,000</u>	<u>1,871,000</u>

The modest decrease of 43,000 tons (2.3%) in reserve tonnage, after having milled 708,300 tons in 1976, was accompanied by a marginal increase in grade from 4.52 to 4.54 dwt. per ton.

MILL:

Following are the milling results:

Tons of ore treated	708,300 tons
Average tons per working day	1,984 tons
Average grade of ore treated	3.48 dwt. per ton
Recovery	3.37 dwt. per ton
Recovery percentage	96.95%

CAPITAL EXPENDITURES:

The details of changes in plant buildings and equipment are as follows:

Mine equipment	\$49,445
Reduction equipment	10,847
Surface buildings and equipment	<u>11,427</u>
	\$71,719
Net book value of retirements	Nil
Net increase	<u>\$71,719</u>

GENERAL:

The price received in Canadian funds for gold sold in 1976 varied from a monthly average high in December of \$136.85 to a monthly average low of \$109.15 in September. The average price for the year of \$122.07 compares with \$161.93 for the previous year, a reduction of 24.6%. A marginal increase in tons milled coupled with a 1.8% increase in millhead grade resulted in a 2.1% increase in ounces produced compared with the previous year. The operating cost per ton milled and per ounce produced were both adversely affected by continuing increases in wages, materials and services. Conversely they were beneficially affected by a 28% reduction in the number of employees, from 737 on January 1 to 534 on December 31. The net effect was an increase in cost per tons milled of 1.0% to \$19.74 and a decrease in cost per ounce produced of 1.0% to \$117. After allowance for depreciation and amortization the operating profit decreased to \$269,000 in 1976 from \$4,043,000 in 1975.

The following tabulation of Source of Ore illustrates the relative importance of the various mining methods used:

Source of Ore	Tonnage and (% of total)									
	1976	(%)	1975	(%)	1974	(%)	1973	(%)	1972	(%)
Stoping:										
Cut-and-fill	277,700	39.2	296,000	41.8	294,200	41.9	322,500	47.3	361,600	57.4
Shrinkage	9,700	1.4	22,900	3.2	28,200	4.0	57,600	8.4	32,100	5.1
Long-hole	410,800	58.0	363,000	51.3	316,800	45.2	268,900	39.4	199,900	31.7
Development	10,100	1.4	26,100	3.7	62,400	8.9	33,200	4.9	36,200	5.8
Totals	<u>708,300</u>	<u>100.0</u>	<u>708,000</u>	<u>100.0</u>	<u>701,600</u>	<u>100.0</u>	<u>682,200</u>	<u>100.0</u>	<u>629,800</u>	<u>100.0</u>

The amount of ore mined from long-hole stopes increased a further 6.7% to 58.0% of mill throughput, whereas the tonnages derived from cut-and-fill stoping, shrinkage stoping and development declined.

Experimental stoping of narrow vein ore by mechanized methods continues. Interim cost data, though incomplete, indicates that either of the two methods under test may be viable at present prices for gold and current costs. An increase in the cost-price spread would permit the mining of substantial tonnage of this type of ore.

Although the number of employees was reduced significantly during the year, most of the reduction occurred within the servicing, clerical and engineering departments. Every effort was made to avoid the loss of capable, qualified miners. Our two government-assisted training programs were discontinued in the second half of the year as a strict economy measure but they may be required with some modification in the future.

During the year the mill operated at capacity; percentage recovery declined from 97.28% in 1975 to 96.95% in 1976 largely due to the refractory nature of a higher percentage of millfeed primarily from the No. 6 shaft area.

The table on the page immediately following sets out expenditures of the Company and location of suppliers illustrating the direct and indirect effect that the Mining and Mineral Industry in general, and Dome Mines in particular, have on the livelihood of many Canadians.

The year under review was a difficult one; the substantial reduction in manpower was achieved by the determined efforts of department heads, their staffs and loyal employees in order to maintain a viable operation. I acknowledge also the helpful counsel of the Chairman of the Board, the President, the Senior Vice-President and the Directors.

Respectfully submitted,

HARRY V. PYKE,
Manager.

South Porcupine, Ontario,
February 25, 1977.

**LIST OF EXPENDITURES OF THE COMPANY
AND THE LOCATION OF THE VARIOUS SUPPLIERS**

Total amount of wages and salaries		\$8,547,000	
Income taxes		150,000	
Other taxes (Provincial and Municipal)		186,000	
Workmen's Compensation Board of Ontario Assessments		1,175,000	
Unemployment Insurance		156,000	
Cost of Dome and Canada Pension Plans, Group Life Insurance, Sick Pay, Medical Plan and other employee benefits		659,000	
Total Equipment, Supplies and Services:			
Mine Equipment, Supplies and Services	\$1,918,000		
Mill Equipment, Supplies and Services	653,000		
Electric Power	565,000		
General Surface Equipment, Supplies and Services	2,080,000		
Natural Gas Heating	112,000	5,328,000	

Principal Cities and Towns in Canada which Benefit

Acton	Farnham	Missanabie	St. Jean
Agincourt	Flin Flon	Mississauga	St. John's
Ajax	Fort Erie	Montreal	Sarnia
Ayers Cliff	Fort Frances		Sault Ste. Marie
	Fredericton	New Liskeard	Scarborough
		New Westminster	Schumacher
Balmertown	Galt	Niagara Falls	Senneterre
Barrie	Gananoque	Nobel	Serpent Harbour
Belleville	Georgetown	Noranda	Sioux Lookout
Brampton	Gimli	North Bay	South Porcupine
Brandon	Granby	North Vancouver	Stoney Creek
Brockville	Grimsby		Stratford
Burlington	Guelph	Oakville	Sudbury
		Orillia	Swastika
Calgary	Haileybury	Ottawa	
Cambridge	Halifax	Owen Sound	Thornbury
Campbellford	Hamilton		Thornhill
Capreol		Peterborough	Thunder Bay
Chaput-Hughes	Islington	Pickle Lake	Tillsonburg
Chicoutimi		Pointe Claire	Timmins
Clarkson	Kamloops	Porcupine	Toronto
Cobalt	Kapuskasing	Port Burwell	Trois Rivières
Cochrane	Kenora	Port Credit	Val d'Or
Concord	King City	Port Hope	Vancouver
Coniston	Kingston	Port Perry	Victoria
Connaught	Kirkland Lake	Prescott	
Copper Cliff	Kitchener	Prince Albert	Warwick
Cornwall		Prince George	Waterloo
	Lachine		Watson Lake
Don Mills	LaSarre	Quebec	West Hill
Dorval	Leaside		Weston
Downsview	London	Red Lake	Whitehorse
Dryden		Regina	Willowdale
Dundas	Madsen	Rexdale	Windsor
Dunnville	Maitland	Rouyn	Winnipeg
	Malton		
	Markham	Sainte-Foy	
Edmonton	Matagami	St. Boniface	Yellowknife
Elliot Lake	Matheson	St. Catharines	
Etobicoke	Milliken	St. Hubert	

Number of Communities, Companies and Individuals through whom Supplies and Services are purchased

	Communities	Companies and Individuals
Alberta	2	6
British Columbia	6	15
Manitoba	5	16
New Brunswick	1	2
Newfoundland	1	2
Northwest Territories	1	2
Nova Scotia	1	2
Ontario	95	600
Quebec	20	80
Saskatchewan	2	3
Yukon Territories	2	2
Great Britain	2	2
United States of America	13	30
	<u>151</u>	<u>762</u>

Dome Exploration (Canada) Limited

(Incorporated under the laws of Canada)

REPORT OF THE VICE-PRESIDENT

Toronto, Ontario,
February 17, 1977.

To the Chairman of the Board, President and Directors of
Dome Mines Limited:

The following report outlines briefly some of the major exploration projects undertaken by Dome Exploration (Canada) Limited during 1976. Unless otherwise noted, each of these programs is shared on the following basis:

Dome Mines Limited	40%
Dome Petroleum Limited	33%
Campbell Red Lake Mines Limited	21%
Sigma Mines (Quebec) Limited	6%

In the case of joint ventures with outside partners, the term "Dome Group" followed by a percentage figure indicates the amount of collective participation of the above companies.

The 1976 exploration program, Dome's largest to date, involved twenty-nine major projects, all of which were managed and financed by your Group. In addition, your Group participated in eleven exploration ventures with others.

The above program included four new projects and thirty-six which were carried over from 1975. Many of the 1976 projects will be continued in 1977.

During 1976, on projects managed and financed solely by your Group, 177 exploration diamond drill holes were completed, 131 claims were staked, 13 claims were optioned and ground geophysical surveys were carried out on 9 projects. Airborne geophysical surveys were carried out over areas in Ontario for a total of 5,100 line miles.

NOVA SCOTIA:

Your Group (33⅓%) with two outside partners acquired a large group of claims which will be systematically explored for base metal mineralization in 1977.

QUEBEC:

During 1976, detailed exploration was carried out on fifteen major projects which involved extensive ground geophysical surveys, and eighty-seven drill holes.

The foregoing included a continuing program of geophysical surveys and drilling on an optioned gold prospect in the Val d'Or area as well as geophysical surveys on an adjoining claim group owned by your Group. Also included are base metal exploration programs on eleven projects most of which involved substantial drilling programs.

A program of detailed prospecting on a uranium property was sufficiently encouraging to warrant further work in 1977.

Two claim groups were staked as a result of an airborne geophysical survey carried out by the Quebec Department of Natural Resources; exploration of these will be carried out in 1977.

A limited amount of preliminary exploration was carried out by your Group (50%), with an outside partner, on a thirty-two square mile exploration permit near which there are known copper and uranium occurrences. Further work is being considered for 1977.

ONTARIO:

During 1976, major programs were carried out on seven Dome Group projects, three Campbell Red Lake Mines Limited projects and two joint ventures.

The Dome Group projects mentioned above include:

- (a) four base metal projects, on three of which drilling was carried out during the year,

- (b) several airborne radiometric surveys totalling 5,100 line miles which will be followed up on the ground during 1977, and
- (c) an intensive drilling program on a gold prospect found in previous years by a Dome prospecting party.

Exploration continued on three properties adjacent to Campbell. Under the agreement with Dome and subsidiary companies, as these properties are contiguous and adjacent to Campbell, this exploration is solely for Campbell's account. Dome, of course, benefits indirectly through its 57% ownership of Campbell. On two of these properties major drilling programs were completed. The third property will be drilled in 1977.

During 1976, your Group entered a joint venture agreement (Dome Group, 45%) with an outside partner to explore for uranium on a large group of claims near a uranium mine which is being prepared for production.

The other joint venture mentioned above is one which Dome manages on behalf of a group of major companies (Dome Group, approximately 12%). For the third successive year drilling was carried out on this gold prospect.

MANITOBA:

During 1976, your Group resumed work on a uranium prospect which it has held since 1969. This work, carried out jointly with the Government of Manitoba, (Dome Group, approximately 73%) included radon surveys and a seven-hole drill program.

In a nearby area, a ground examination was completed of radioactive anomalies detected by an airborne radiometric survey carried out during 1975.

WESTERN CANADA:

During 1976, your Group participated in two reconnaissance-type joint ventures in British Columbia and one in the Yukon.

A drilling program involving three holes for 2,859 feet was completed by your Group on a molybdenite prospect in the interior of British Columbia.

ALASKA:

Dome Mines Limited has a 33⅓% interest in a continuing exploration program in Alaska. Detailed exploration during 1976 has outlined drilling targets for 1977 on two properties.

As well as the above, your Group participated with two outside partners, (Dome Group, 33⅓%) in a continuing exploration program in Alaska. A large group of claims was staked and will be explored for uranium in 1977.

GENERAL:

Your Group continued its participation (approximately 4%) in an international consortium to investigate the recovery of metal-bearing nodules from the deep-ocean floor.

Your Group participated in a number of prospecting ventures in various parts of Canada.

In addition to the foregoing, 141 other proposals were considered.

Yours faithfully,

G. S. W. Bruce,
Vice-President.

FIVE-YEAR CONSOLIDATED REVIEW

	1976	1975	1974	1973	1972
Production:					
Tons milled/fine ounces (in thousands) —					
Dome Mines Limited.....	708/120	708/117	702/121	682/149	630/146
Campbell Red Lake Mines Limited.....	301/185	300/185	290/197	304/196	303/197
Sigma Mines (Quebec) Limited.....	499/75	497/73	498/73	521/78	520/86
Recovery value per ton —					
Dome Mines Limited.....	\$ 20.63	\$ 25.77	\$ 27.89	\$ 22.73	\$ 14.08
Campbell Red Lake Mines Limited.....	76.10	98.37	109.98	65.41	38.31
Sigma Mines (Quebec) Limited.....	18.51	22.73	23.81	15.61	9.72
Number of employees at year-end.....	1,258	1,455	1,447	1,369	1,354
Financial (in thousands; except per share):					
Bullion revenue.....	\$ 46,716	\$ 59,014	\$ 63,332	\$ 43,508	\$ 25,514
Operating expenses.....	32,414	29,817	25,159	19,869	15,965
Operating profit.....	14,302	29,197	38,173	23,639	9,549
Interest income from affiliate.....				314	750
Other income.....	5,098	4,677	4,777	2,681	1,928
	19,400	33,874	42,950	26,634	12,227
Deduct outside exploration expenditures.....	1,722	1,588	1,273	1,147	937
	17,678	32,286	41,677	25,487	11,290
Provision for taxes***.....	8,498	15,519	19,093	9,795	3,738
	9,180	16,767	22,584	15,692	7,552
Equity in earnings of affiliate*.....	12,843	8,451	5,666	2,587	1,406
Deduct minority interest.....	(3,563)	(5,805)	(7,271)	(4,516)	(2,271)
Income before extraordinary items.....	18,460	19,413	20,979	13,763	6,687
Extraordinary items.....					185
Net income for the year.....	\$ 18,460	\$ 19,413	\$ 20,979	\$ 13,763	\$ 6,872
Dividends declared.....	\$ 5,032	\$ 5,256	\$ 5,548	\$ 3,017	\$ 1,947
Per share:**					
Income before extraordinary items.....	\$ 3.06	\$ 3.32	\$ 3.59	\$ 2.36	\$ 1.14
Net income for the year.....	3.06	3.32	3.59	2.36	1.18
Dividends.....	0.80	0.90	0.95	0.52	0.33
Working capital at year-end.....	50,039	53,335	45,430	37,325	27,256
Total shareholders' equity at year-end.....	111,104	93,023	78,866	63,435	52,689
Total assets at year-end.....	138,212	122,206	109,822	81,869	64,194
Number of shareholders at year-end.....	7,444	7,938	7,768	6,206	5,673

* Restated to reflect the adoption of the equity method of accounting for the companies' investment in Dome Petroleum Limited after making a provision for deferred income taxes related to both tangible and intangible assets.

** Restated to reflect the 3 for 1 stock split May 10, 1974.

*** Provision for taxes has been restated to include provincial mining taxes previously included in operating expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FIVE-YEAR CONSOLIDATED REVIEW

Following the decision of the United States Treasury in August 1971 to suspend the convertibility of the dollar, the price of gold on the world's free markets increased dramatically. Opening the year 1972 at \$44.00 U.S. per ounce, it reached a high of \$197.50 in December 1974. A decline, influenced by U.S. Treasury sales in 1975 and by uncertainty as to the ability of the market to absorb I.M.F. sales planned to commence in 1976, then set in and gold reached a low point of \$103.05 per ounce in August 1976 before recovering to close out the year at \$134.50.

Wage levels for some years prior to 1972 had been low in relation to the remainder of the Canadian mining industry due to the increasingly precarious position of the gold mines and so, as revenues from gold sales rose, a necessary catch-up further added to inflationary cost increases during the period. Nevertheless, operating profits for each of the years 1972-76 were higher than in any other period in the history of the Company.

The introduction of graduated mining tax rates in Ontario in 1972, which followed by a few years similar action in Quebec, and the termination of automatic depletion allowances and the deductibility of mining taxes in the calculation of income taxes in 1974, resulted in significantly higher effective rates of taxation. These increased from 33% of the profit before taxes in 1972 to 48% in 1976. The results of these taxation policies throughout Canada are amply demonstrated by the greatly reduced number of new mining projects initiated in recent years.

Equity in the earnings of Dome Petroleum has assumed increasing significance during the five-year period, rising from 21% of the net profit in 1972 to 68% in 1976. This increase largely offset the effects of substantial reductions in revenue received from gold sales in 1975 and 1976. Though bullion revenue at \$46,716,000 in 1976 was 26% below the \$63,332,000 received in 1974, net profit at \$18,460,000 was lower by only 12% from that earned in 1974. As a result of a share exchange agreement concluded in May 1976 by which 600,000 shares of Dome Mines were issued in exchange for 700,000 shares of Dome Petroleum the Company and its subsidiaries now hold a total of 3,150,000 shares or 26% of the issued shares of Dome Petroleum Limited.

The working capital position of the Company was more than doubled during the period from \$22,829,000 at December 31, 1971 to \$50,039,000 at December 31, 1976.

During 1976 the Company acquired 1,123,000 shares or 9.4% of the issued shares of Yukon Consolidated Gold Corporation which company has substantial interests in Lornex Mining Company, a large B.C. copper-molybdenum producer, and in coal and timber resources in Southeastern B.C.

The Company owns 945,912 shares or approximately 19% of the outstanding shares of Canada Tungsten Mining Corporation Limited, a tungsten producer located in the Northwest Territories, having acquired a major portion of this interest as a result of participation in the original discovery syndicate. The Company received dividends from Canada Tungsten of \$78,490 in 1970, \$201,140 in 1971 and \$83,040 in 1972. In 1973, Canada Tungsten suspended its policy of declaring dividends owing to greatly increased expenditures incurred in the exploration and development of a newly discovered underground orebody, plant modifications and townsite improvements. Sharply higher reported earnings of \$1.35 per share were reported in 1976 compared to \$0.17 in 1975 and an interim dividend of 10¢ per share was declared in September 1976.

The Company owns 1,000,000 shares or approximately 7½% of the outstanding shares of Mattagami Lake Mines Limited, a zinc and copper producer located in Northwestern Quebec, having acquired a major portion of this interest as a result of participation in the original discovery syndicate. Mattagami Lake, in turn, owns 60% of Mattabi Mines Limited, a zinc-copper-lead producer located in Northwestern Ontario and 51.7% of a large zinc refinery located in Valleyfield, Quebec and operated by Canadian Electrolytic Zinc Limited. The Company received dividends from Mattagami Lake of \$600,000 in 1973, \$1,123,180 in 1974, \$1,300,000 in 1975 and \$1,000,000 in 1976 bringing to \$7,131,221 the total received since the commencement of dividends in 1967.

Management views the immediate and also long-term outlook for gold with cautious optimism. Market studies indicate large increases during the year in industrial demand which had dropped significantly during the period of very rapid price escalation in 1973 and 1974. I.M.F. sales during the latter part of 1976 in addition to reported sales by Russia and China have not interrupted the steady price increase that commenced in September.

Directors and Executive Officers

The name and office held in the Company, principal occupation or employment as at December 31, 1976 and principal business affiliation of each director and executive officer of the Company are as follows:

Name and Office in Company	Principal Occupation or Employment	Principal Business Affiliation
A. BRUCE MATTHEWS, Chairman of the Board and a Director	Business Executive	Executive Vice-President, Argus Corporation Ltd., Investment Holding Company, Toronto, Canada.
F. WARREN PERSHING, Director	Investment Broker	Chairman of the Board, Pershing & Co. Inc., Members New York Stock Exchange Inc., New York, U.S.A. Company and subsidiaries.
JAMES B. REDPATH, President and a Director	Mining Executive	
WILLIAM F. JAMES, Director	Consulting Geologist	Partner, James & Buffam, Consulting Geologists, Toronto, Canada.
ALLEN T. LAMBERT, Director	Banker	Chairman and Chief Executive Officer, The Toronto- Dominion Bank, Toronto, Canada.
FRASER M. FELL, Q.C., Secretary and a Director	Solicitor	Partner, Fasken & Calvin, Barristers & Solicitors, Toronto, Canada.
JOHN K. McCAUSLAND, Director	Business Executive	Retired Vice-President and Director, Wood Gundy Limited, Investment Company, Toronto, Canada.
G. ALEXANDER ADAMSON, Director	Chartered Accountant	Retired partner, Clarkson, Gordon & Co., Chartered Accountants, Toronto, Canada.
JOHN P. GALLAGHER, Director	Business Executive	Chairman of the Board and Chief Executive Officer of Dome Petroleum Limited, Calgary, Canada. Company and subsidiaries.
MALCOLM A. TASCHEREAU, Senior Vice-President and a Director	Mining Executive	
G. S. WALLACE BRUCE, Vice-President Exploration	Geologist	Company.
EDMUND J. ANDRECHECK, Treasurer	Accountant	Treasurer of subsidiary companies of Dome Mines Limited, Toronto, Canada.

Principal Markets for Company's Shares

The New York Stock Exchange and The Toronto Stock Exchange are the principal markets in which the Company's shares are traded. Shown below are the high and low sales prices for the Company's shares on these exchanges for the periods indicated.

New York Stock Exchange United States dollars	1976		1975	
	High	Low	High	Low
First Quarter	44½	32½	56½	41¾
Second Quarter	45½	38⅝	55⅝	42¼
Third Quarter	42⅝	32¾	51¼	34¼
Fourth Quarter	46	37	39⅞	30

Toronto Stock Exchange

Canadian dollars	1976		1975	
	High	Low	High	Low
First Quarter	43¾	33¼	56½	41⅜
Second Quarter	44	38	55½	42½
Third Quarter	40½	32¾	52¼	35
Fourth Quarter	46¾	36	41	30¾

Dividends Paid (Canadian dollars)

The dividends paid on the Company's shares for each quarterly period during 1975 and 1976 are shown below.

	1976			1975		
	Declared per share			Declared per share		
	Regular	Extra	Total	Regular	Extra	Total
First Quarter	\$0.18	\$ —	\$0.18	\$0.18	\$ —	\$0.18
Second Quarter	0.20	—	0.20	0.18	—	0.18
Third Quarter	0.20	—	0.20	0.18	—	0.18
Fourth Quarter	0.20	—	0.20	0.18	0.09	0.27
Total for Year	<u>\$0.78</u>	<u>\$ —</u>	<u>\$0.78</u>	<u>\$0.72</u>	<u>\$0.09</u>	<u>\$0.81</u>

Annual report on Form 10-K

Copies of the Company's form 10-K Annual Report to the United States Securities and Exchange Commission are available to shareholders without charge by writing to Fraser M. Fell, secretary of the Company, P.O. Box 30, Toronto-Dominion Centre, Toronto, Ontario, Canada M5K 1C1.

